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Traditional EDI to re-emerge within global Internet

PERSPECTIVE

by Jim Carroll

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Let me cut right to the point. Traditional electronic data interchange (EDI) is dead. And in fact, we should see most of it disappear.

Of course, this is not to say the concept of EDI is dead. In fact, it is about to re-emerge, like a phoenix from the ashes, within the global Internet.

Since I have just guaranteed myself a wealth of hate literature from EDI purists (those who go to sleep every night chanting the EDI theme song, "EDI or die!") let me explain myself.

Although it has dramatically transformed several industries and has helped some companies to achieve significant efficiencies and cost savings, EDI is not terribly pervasive throughout the business community. This is not surprising – the traditional form of EDI involves the exchange of transactions (purchase orders, invoices, etc.) via sophisticated electronic mail systems, with integration (in some cases) of these transactions directly into the sender's and receive's corporate information systems.

I certainly know a lot of IT and business executives who have shied away from EDI due to perception that it is complex, cumbersome, difficult and expensive to implement. It's too bad, since I believe EDI is one of the computer applications that really makes strategic sense.

Traditional EDI has gone about as far as it will go, and will likely not be implemented much further throughout the business community. It will be replaced, instead, by Internet-based electronic commerce, much of it occurring throughout the World Wide Web.

One very important trend (and one that I keep referring to in this column) is the fact that many leading edge organizations are now integrating their corporate information systems with the World Wide Web in order to provide an electronic link to their customers through the Internet. Such organizations recognize that what is quickly emerging on the Internet is a new form of "electronic data interchange" between business organizations – one which involves use of the World Wide Web as the conduit into the information system of your supplier or customer.

How does it work? Imagine this – a customer visits your Web site and determines if a particular part is in stock. Verifying availability, then they fill out a purchase order requisition. Once the form is completed, the data from the Web form is automatically extracted and is updated to your corporate information system. Later on, the customer can query your corporate system as to the status of their order. Presto! Instant organization transaction – in effect, a new form of EDI.

The technology to support such an integration today is already available from organizations such as Sybase, Oracle and IBM.

How quickly is this new form of Internet-based EDI evolving? Consider the fact that GE Information Services, one of the leading EDI vendors in the world, has just launched a new series designed to help companies establish transaction based Internet services – clearly, they see the writing on the wall. More important is the fact that their parent, GE, has launched the GE Trading Process Network (TPN), an initiative which allows suppliers to bid for GE contracts from their desktop computers through the Internet. The amount of business GE expects to conduct on this network in 1996? $1 billion.

Any company already involved in EDI should consider this fact – the entire global computer industry is galvanized by the concept of the Internet, and by the view that we are on the edge of a new wave of computing which will see direct links from customers to organizational databases using the World Wide Web as the interface. EDI is about to die and it's about to be reborn in a dramatic new form on the Internet.

It is clear to many that a real form of electronic commerce is emerging on the Internet. The purists can still chant "EDI or die!" – same song, but a different tune. ▲